



Claire McCaskill

Missouri State Auditor

September 2005

ADMINISTRATION

Administrative Hearing Commission



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2005

**The following report is our review of the Office of Administration,
Administrative Hearing Commission.**

The Administrative Hearing Commission (AHC), created by the 73rd General Assembly, became operational October 13, 1965. The AHC is a neutral, independent administrative tribunal that decides disputes involving state agencies and another party, usually a private person or corporation. The AHC typically decides the cases after a trial-type hearing. Any party, including the state agency, may seek review of the AHC's decision from the judicial branch. State statutes authorize jurisdiction for the AHC to resolve disputes over decisions of more than 100 state agencies.

We had no findings on the Administrative Hearing Commission.

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YELLOW SHEET

OFFICE OF ADMINISTRATION
ADMINISTRATIVE HEARING COMMISSION

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Michael Keathley, Commissioner of Administration
and
Administrative Hearing Commission
Jefferson City, MO 65102

We have audited the Office of Administration, Administrative Hearing Commission. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005, 2004, and 2003. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing minutes of meetings, written policies, financial records, and other pertinent documents; interviewing various personnel of the Administrative Hearing Commission, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the agency's management and was not subjected to the procedures applied in the audit of the Administrative Hearing Commission.

No findings resulted from our audit of the Administrative Hearing Commission.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

July 18, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Jeffrey Wilson

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

OFFICE OF ADMINISTRATION
ADMINISTRATIVE HEARING COMMISSION
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Administrative Hearing Commission (AHC), created by the 73rd General Assembly, became operational October 13, 1965. The commission is currently authorized to have three commissioners who are appointed by the governor with the advice and consent of the Senate. The Omnibus State Reorganization Act of 1974 assigned the AHC to the Department of Economic Development. In 1986, Senate Bill 426 moved the AHC to the Office of Administration effective August 13, 1986, where it remains.

The AHC is a neutral, independent administrative tribunal that decides disputes involving state agencies and another party, usually a private person or corporation. The AHC typically decides the cases after a trial-type hearing. It hears evidence and arguments from the state agency and from the other party. Any party, including the state agency, may seek review of the AHC's decision from the judicial branch.

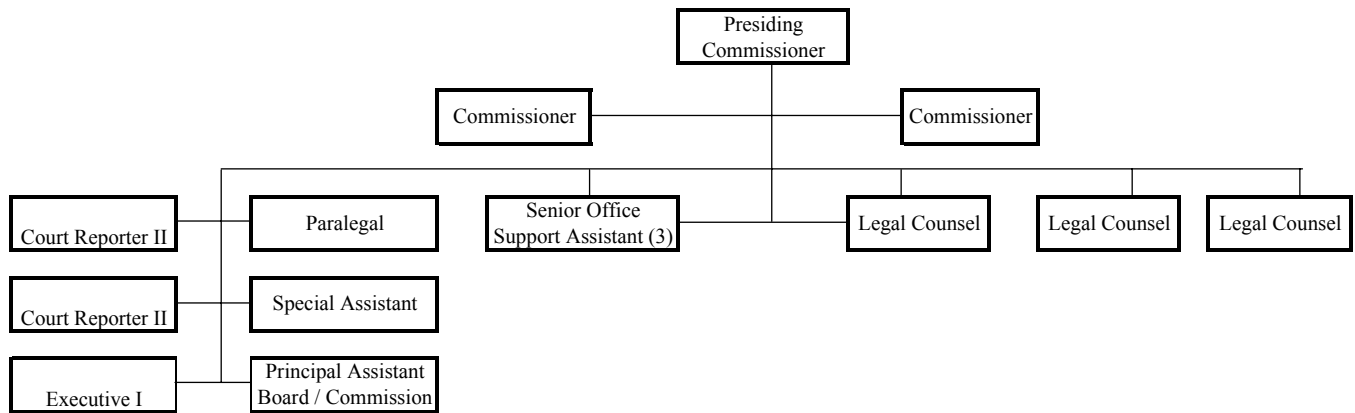
The statutes authorize jurisdiction for the AHC to resolve disputes over decisions of more than 100 state agencies. Chief among them are the Director of Revenue's tax decisions, professional licensing decisions of many boards of the Department of Economic Development and other departments, the Department of Social Services' decisions on payments to Medicaid service providers, and the Missouri Health Facilities Committee's decisions on certificates of need. The statutes commit other specific matters to the AHC also. In the past three years, statutes have transferred to the AHC, jurisdiction over Motor Carrier and Railroad Safety matters, surety agent licenses, motor vehicle dealer licenses, and cases involving the commissions assigned to the Department of Natural Resources. In addition, the AHC serves as hearing officer through a memorandum of understanding with certain other state agencies whose cases do not fall into AHC's statutory jurisdiction, most notably the Missouri Commission on Human Rights and the Missouri Consolidated Health Care Plan.

The commissioners must be attorneys at law admitted to practice before the Supreme Court of Missouri. Commissioners serve six year terms, and shall not practice law during their term of office. On June 30, 2005, the commissioners were:

June Striegel Doughty	<u>Term Expires:</u> August 2008
John J. Kopp	June 2009
Karen A. Winn	April 2006

The commissioners annually elect a presiding commissioner to oversee the day-to-day administrative operations of the commission. Excluding the commissioners, the AHC has 12 full-time employees. An organization chart follows.

OFFICE OF ADMINISTRATION
ADMINISTRATIVE HEARING COMMISSION
ORGANIZATION CHART
JUNE 30, 2005



Appendix A

OFFICE OF ADMINISTRATION
ADMINISTRATIVE HEARING COMMISSION
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,								
	2005			2004			2003		
	Appropriation Authority	Expenditures	Lapsed Balances*	Appropriation Authority	Expenditures	Lapsed Balances*	Appropriation Authority	Expenditures	Lapsed Balances*
GENERAL REVENUE FUND									
Personal service	\$ 736,584	704,230	32,354	721,406	681,181	40,225	689,069	620,737	68,332
Expense and equipment	113,031	82,863	30,168	113,806	98,736	15,070	124,213	85,450	38,763
Total General Revenue Fund	<u>\$ 849,615</u>	<u>787,093</u>	<u>62,522</u>	<u>835,212</u>	<u>779,917</u>	<u>55,295</u>	<u>813,282</u>	<u>706,187</u>	<u>107,095</u>

* The lapsed balances include the following withholdings made at the Governor's request:

	Year Ended June 30,		
	2005	2004	2003
GENERAL REVENUE FUND			
Personal service	\$ 28,742	13,395	68,240
Expense and equipment	14,391	3,414	28,550
Total General Revenue Fund	<u>\$ 43,133</u>	<u>16,809</u>	<u>96,790</u>

Appendix B

OFFICE OF ADMINISTRATION
ADMINISTRATIVE HEARING COMMISSION
COMPARATIVE STATEMENT OF EXPENDITURES (BY BUDGET OBJECT)

	Year Ended June 30,				
	2005	2004	2003	2002	2001
Salaries and wages	\$ 704,230	681,181	620,737	719,276	730,820
Travel:					
In-State	2,275	3,008	236	1,404	3,484
Out-of-State	529	3,628	371	552	4,024
Supplies	24,400	26,145	26,497	26,984	32,389
Professional development	4,100	5,655	4,820	3,306	9,845
Communication services and supplies	6,335	5,813	6,148	6,205	6,146
Services:					
Business	0	0	0	0	97
Professional	16,418	17,816	1,059	1,097	43
Maintenance and repair	17,566	31,193	12,017	23,264	17,264
Equipment:					
Computer	7,071	2,098	25,359	2,981	8,920
Electronic and photo	0	0	0	0	629
Office	766	304	6,123	273	4,799
Other	0	3,009	0	0	0
Equipment rental and leases	0	0	2,724	5,478	2,000
Miscellaneous expenses	3,403	67	96	79	201
Total Expenditures	\$ <u>787,093</u>	<u>779,917</u>	<u>706,187</u>	<u>790,899</u>	<u>820,661</u>

Appendix C

OFFICE OF ADMINISTRATION
ADMINISTRATIVE HEARING COMMISSION
GENERAL REVENUE FUND
COMPARATIVE STATEMENT OF RECEIPTS

		Year Ended June 30,		
		2005	2004	2003
RECEIPTS				
Filing fees	\$	0	105	100
Private donations		0	25	0
Vendor refunds		0	7	45
Fees for copying public record		9,091	7,882	12,270
Interagency billings open records fees		9,221	9,389	6,492
Interagency billings reimbursement/recovery cost		11,600	25,596	15,276
Total Receipts	\$	<u>29,912</u>	<u>43,004</u>	<u>34,183</u>

Appendix D

OFFICE OF ADMINISTRATION
ADMINISTRATIVE HEARING COMMISSION
COMPARATIVE STATEMENT OF CASES FILED AND CLOSED

	Year Ended June 30,		
	2005	2004	2003
Open Cases, Beginning of Year	653	1,042	765
Cases filed	1,901	1,871	2,256
Cases closed	1,747	2,260	1,979
Open Cases, End of Year	<u>807</u>	<u>653</u>	<u>1,042</u>